

STATE OF ARKANSAS

Partnership Income Tax Instructions

GENERAL INSTRUCTIONS

Form AR1050 is used to file the income of a partnership. Every domestic or foreign partnership doing business within the State of Arkansas or in receipt of income from sources therein, regardless of amount, shall file an AR1050. This form is also to be used by business organizations that are limited liability companies.

WHEN AND WHERE TO FILE

File Form AR1050 for the calendar year or the fiscal year. Fiscal year returns must be filed on or before the fifteenth (15th) day of the fifth (5th) month following the close of the fiscal year (calendar year returns are filed on or before May 15). The Form should be mailed to State Income Tax, P. O. Box 8026, Little Rock, AR 72203-8026.

LINE BY LINE INSTRUCTIONS

INCOME

- Line 1.** Enter gross receipts or sales from all business operations other than those listed on Lines 4 through 10.
- Line 2.** Complete Schedule A on page 2 of AR1050. Enter the amount shown on Line 7 of Schedule A on Line 2.
- Line 3.** Subtract cost of goods sold, Line 2, from gross receipts or sales, Line 1. Enter the difference on Line 3.
- Line 4.** Enter the income from any other partnerships or fiduciaries. Attach schedule/Federal schedule.
- Line 5.** Enter the amount of interest received or credited to the account of the partnership. Attach schedule/Federal schedule.
- Line 6.** Enter the net profit/loss received for the rent of property. Attach schedule/Federal schedule.
- Line 7.** Enter the net profit/loss received as royalties. Attach schedule/Federal schedule.
- Line 8.** Enter the net profit/loss received from farming. Attach schedule/Federal schedule.
- Line 9.** Enter the net profit/loss from the sale of capital assets. Attach schedule/Federal schedule.
- Line 10.** Enter any other taxable income not included on Lines 3 through 9. Attach statement or schedule.
- Line 11.** Add Lines 3 through 10. Enter the total on Line 11.

DEDUCTIONS

Do not list deductions here if they have already been included on Lines 1 through 10.

- Line 12.** Enter the amount of salaries and wages paid.
- Line 13.** Enter the amount of payments or credits to a partner for services.
- Line 14.** Enter rent paid on business property.
- Line 15.** Enter the amount of interest paid on business indebtedness to others.
- Line 16.** Enter taxes paid or incurred on business property for carrying on a trade or business.
- Line 17.** Enter the business bad debt. You may deduct business bad debts when they become wholly or partially worthless, or you may make a reasonable addition to a reserve for bad debts. Attach schedule.
- Line 18.** Enter the cost of incidental repairs that do not add to the value of the property or appreciably prolong its life.
- Line 19.** Enter the allowable allowances for depreciation of business property. Section 168 (26 U.S.C. 168) Internal Revenue Code of 1986, in effect on January 1, 1997, has been adopted for computing Arkansas Depreciation. Section 179 (26 U.S.C 179) Internal Revenue Code of 1986, in effect on January 1, 1997 has been adopted for computing Arkansas Depreciation.
- Line 20.** Enter the amount of depletion. Attach schedule.
- Line 21.** Enter the contributions made by the partnership for its common-law employees under a qualified retirement plan.
- Line 22.** Enter any other deductions not included in Lines 12 through 21. Attach schedule.
- Line 23.** Add Lines 12 through 22. Enter the total on Line 23.

PARTNER'S SHARE OF INCOME

Enter each partner's name, address, social security number, and share of the net income whether distributed or not. If the distributed income is determined on a basis other than a percentage basis, attach an explanatory statement.

SCHEDULE A - COST OF GOODS SOLD

This schedule is to compute the cost of goods sold. Answer all questions and enter the amount listed on Line 7 of this schedule on Line 2, page 1, of AR1050.

SCHEDULE B - BALANCE SHEET

The balance sheet is to show the assets and liabilities at the beginning and end of the tax year. The amounts should agree with the partnership's book and records. Attach a statement explaining any differences.

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- Line 2.** Complete Schedule A on page 2 of AR1050. Enter the amount shown on Line 7 of Schedule A on Line 2.
- Line 3.** Subtract cost of goods sold, Line 2, from gross receipts or sales, Line 1. Enter the difference on Line 3.
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SCHEDULE B - BALANCE SHEET

The balance sheet is to show the assets and liabilities at the beginning and end of the tax year. The amounts should agree with the partnership's book and records. Attach a statement explaining any differences.

January 1 - December 31, 1997 or Fiscal Year beginning _____ and ending _____ 19 _____

TYPE OF BUSINESS

- ☐ GENERAL PARTNERSHIP
☐ LIMITED LIABILITY COMPANY
☐ LIMITED PARTNERSHIP
☐ OTHER - SPECIFY _____

☐ ORIGINAL RETURN ☐ AMENDED RETURN

Name	Federal Identification
Address	Kind of Business
City, State, Zip	Number of Partners

INCOME		Federal		Arkansas	
1. Gross receipts or sales.	1		00	1	00
2. Cost of goods sold.	2		00	2	00
3. Gross profit from business.	3		00	3	00
4. Income from other partnerships or fiduciaries. (Attach list).	4		00	4	00
5. Interest. (Attach schedule).	5		00	5	00
6. Rental income. (Attach schedule).	6		00	6	00
7. Royalty income. (Attach schedule).	7		00	7	00
8. Farm income. (Attach schedule).	8		00	8	00
9. Capital gain or loss. (Attach schedule).	9		00	9	00
10. Other income. (Attach schedule).	10		00	10	00
11. Total Income. (Add Lines 3 - 10).	11		00	11	00

DEDUCTIONS		Federal		Arkansas	
12. Salaries of employees.	12		00	12	00
13. Guaranteed payments to partners.	13		00	13	00
14. Rent on business.	14		00	14	00
15. Interest expense.	15		00	15	00
16. Taxes.	16		00	16	00
17. Bad debts. (Attach schedule).	17		00	17	00
18. Repairs.	18		00	18	00
19. Depreciation. (Attach schedule).	19		00	19	00
20. Depletion. (Attach schedule).	20		00	20	00
21. Retirement plans, etc. (Attach schedule).	21		00	21	00
22. Other deductions. (Attach schedule).	22		00	22	00
23. Total Deductions. (Add lines 12 - 22).	23		00	23	00
24. Net Income or Loss. (Line 11 less Line 23).	24		00	24	00

PARTNERSHIP SHARE OF INCOME

NAME OF PARTNER	ADDRESS	CITY	STATE	ZIP	SOCIAL SECURITY NUMBER	INCOME
A.						00
B.						00
C.						00
D.						00
E.						00

I declare under penalty of perjury that the foregoing statements are true to the best of my knowledge and belief.

Please Sign Here	Signature of General Partner/Manager	Date
	Signature of Preparer	Date
For Paid Preparer's Use Only	Preparer's ID number or Social Security Number	Mail to: State Income Tax P. O. Box 8026 Little Rock, AR 72203-8026

A. Check method of accounting.
☐ Cash ☐ Accrual ☐ Other: (Specify) _____

B. Is partnership a limited partnership?..... ☐ Yes ☐ No

C. Is this partnership a partner in another partnership?..... ☐ Yes ☐ No

D. Are any partners in this partnership also partnerships?..... ☐ Yes ☐ No

SCHEDULE A: COST OF GOODS SOLD

1.	Inventory at beginning of year.	1		00
2.	Purchases less cost of items withdrawn for personal use.	2		00
3.	Cost of labor.	3		00
4.	Other costs.	4		00
5.	Total of Lines 1, 2, 3, and 4.	5		00
6.	Inventory at end of year.	6		00
7.	Cost of goods sold. (Enter here and on Line 2, page 1).	7		00

8. Check all methods used for valuing closing inventory.

☐ a. Cost

☐ b. Lower of cost or market

☐ c. Writedown of "subnormal" goods

☐ d. Other: (Specify method used and attach explanation). _____

e. Was the LIFO Inventory Method adopted this tax year for any goods? e ☐ Yes ☐ No

f. If you are engaged in manufacturing, did you value your inventory using the Full Absorption Method?..... f ☐ Yes ☐ No

g. Were there any changes in determining quantities, cost or valuations between opening and closing inventories? (If yes, attach explanation). g ☐ Yes ☐ No

SCHEDULE B: BALANCE SHEET

ASSETS	BEGINNING OF YEAR		END OF YEAR	
Cash.				
Accounts Receivable.....				
a. Minus allowance for bad debts.				
Inventories.				
Government obligations.				
Other current assets.				
Mortgage and real estate loans.				
Other investments.				
Buildings and other depreciable assets.				
a. Minus accumulated depreciation.				
Depletable assets.				
a. Minus accumulated depletion.				
Other assets.				
TOTAL ASSETS.				
LIABILITIES AND CAPITAL	BEGINNING OF YEAR		END OF YEAR	
Accounts Payable.				
Mortgages, notes and bonds payable.				
Other current liabilities.				
All nonrecourse loans.				
Other liabilities.				
Partner's capital accounts.				
TOTAL LIABILITIES AND CAPITAL.				